

Cabinet
07 March 2023

2023/24 Budget

Cabinet Member: Cllr Barry Warren, Leader and Cabinet Member for Finance & Environment

Responsible Officer: Andrew Jarrett, Deputy Chief Executive (S151)

Reason for Report: This report provides the proposed budgets for the revised General Fund and the Housing Revenue Account for the year 2023/24 and recommends the Band D Council Tax charge for 2023/24.

RECOMMENDATIONS:

Cabinet are asked to recommend to Council the following:

- 1. A Council Tax Requirement of £6,724,350 calculated using a Council Tax of £225.40 for a Band D property, an increase of £6.56 or 2.99% from 2022/23 and a Tax Base of 29,832.98, in accordance with the Local Authorities (Calculation of Tax Base) Regulation 1992, as amended, after the relevant adjustments in respect of the Council tax support scheme approved by Cabinet on 3 January 2023;**
- 2. The overall budgeted Cost of Services within the General Fund of ~~£16,720,364~~ £16,830,364 for 2023/24 is approved as detailed across Appendices 1 – 2 and inclusive of the adjustments included within Table 1 in paragraph Error! Reference source not found. of the Cabinet Report for 7 February 2023;**
- 3. The 2023/24 budget requires no transfer from the General Fund Balance and a further temporary transfer of £57,657 from the New Homes Bonus EMR in order to balance and agree all of the transfers to and from Earmarked Reserves as detailed in Appendix 3;**
- 4. HRA budget for 2023/24 be approved – Appendix 4;**
- 5. HRA fees/charges are approved based on the attached Appendix 5;**
- 6. Work on strategic planning for delivering a balanced budget for 2024/25 is commenced immediately. This work will need to include provision to replenish the General Fund Balance and re-examine the overarching level of Reserves that is required.**

Additional recommendations arising from Full Council, 22 February 2023:

- 7. Cabinet are asked to agree the inclusion within the budget the implications of the recommendations from Full Council as outlined in Section 2.1;**
- 8. Cabinet agree to temporarily reduce the minimum level of General Reserves by £610k from its existing level (c.£2.2m) in order to balance the 2023/24 Budget and agree to identify a plan to replenish back to the £2m recommended minimum balance, as referenced in Section 2.3.**

Relationship to Corporate Plan: This budget delivers the Corporate Plan priorities within existing financial resources.

Financial Implications: This is a financial report and the implications are contained within it. This report proposes a balanced GF and HRA budget for 2023/24 without materially reducing service delivery. The Local Government Finance Act requires a balanced budget to be set by Friday 10 March 2023.

Legal Implications: None directly arising from this report, although there is a legal obligation to balance the budget. There are legal implications arising from any future consequential decisions to change service provision, but these would be assessed at the time.

Risk Assessment: In order to comply with the requirement to set a balanced budget, management must ensure that the proposed savings are robust and achievable. We must also ensure that the assumptions we have used are realistic and prudent. Failure to set a robust deliverable budget puts the Council at risk of not being able to meet its commitments and casts doubt on its “going concern” and “Value for Money” status.

Equality Impact Assessment: There are no Equalities Impact implications relating to the content of this report. All Policy Development Group meetings have considered and made decisions based on summary feedback from the recently completed resident’s survey.

Climate Change Assessment: The General Fund, Capital Programme and the Housing Revenue Account all contain significant investment in order to work towards the Council’s Carbon Reduction Pledge.

1 Introduction

- 1.1. Full Council at its meeting on the 22 February 2023 decided not to approve the budget recommended by Cabinet on the 7 February 2023.
 - 1.2. At the aforementioned meeting of Full Council it was agreed that General Fund budget should not include the level of car parking charges previously agreed or the financial implications of the 3rd Business Plan and 2 associated business cases provided by 3 Rivers Development Limited.
 - 1.3. Also at this meeting revisions were agreed to the level of Member Allowances.
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- 2.1. The original draft 2023/24 General Budget recommended to Full Council on the 22 February 2023 required a temporary transfer of £58k from the New Homes Bonus Reserve. As a direct consequence of the decisions made at this aforementioned Full Council meeting the budget will need to be adjusted as follows:
 - **To resolve the recommendations made by Full Council (to not accept any of the 3 company business plans or the associated 2 business cases submitted by 3 Rivers Developments Ltd, but to fund to completion the development projects at St. Georges Court, Tiverton and Bampton;**

- **To reduce the Member Allowances budget by £40k based on the amended scheme agreed by Full Council;**
 - **To reduce the Car Parking budget by £120k based on the initial recommendation made by the Economy PDG – which was based on increasing most fees/charges by price inflation. The Cabinet also needs to consider the likely implementation date and implications thereof;**
 - **To include a provisional sum of £30k for the Council to commission an external review of 3Rivers in order to assist its decision making – this review will need to be clear on Member’s requirements for the scope, options, timetable and advice that is being required.**
- 2.2. Due to the extremely tight timetable to make these final budget adjustments, it is fundamentally impractical to offer any other budget solution except utilising our General Fund Balances/Reserves.
- 2.3. Therefore, in order to set a balanced budget the Council will need to agree a temporary reduction of £610k from its current General Fund Balance which will need to have a plan as to how and over what period it will be replenished back to the £2.0m figure that was agreed at Full Council on the 22 February 2023 within the Council Tax Resolution paper. This will form part of the Medium Term Financial Plan exercise which will come back to Cabinet for consideration in October 2023.
- 2.4. Revised Appendices 1 and 2 are provided showing where the above adjustments are included.

3. Conclusion

- 3.1. Cabinet are asked to agree the contents of this report and recommended its approval by Council in March 2023.

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Circulation of the Report: Leadership Team, Cabinet

Background Papers: November, January & February Cabinet & PDG’s reports (MTFP, Budget Draft and Budget Update reports)